

M e m o r a n d u m

To: Panel Members Date: September 22, 2006

From: Ruby Cohen, Manager Analyst: F. Lukka

Subject: One-Step Agreement for **HCM HEALTH CARE INC. dba HEALTH CARE MANAGEMENT**

CONTRACTOR:

- Multiple Employer: Employer Consortium
- Training Project Profile: Job Creation: Training of Retraitees
- Legislative Priorities: Career Ladders/LVN Program
- Type of Industry: Services/Healthcare
- Repeat Contractor: Yes
- ETP Trainees Represented by Union: Yes
- Name and Local Number of Union Representing ETP Trainees: SEIU-UHW Health Care Workers Union

CONTRACT:

- Program Costs: \$306,000
- Substantial Contribution: \$0
- Multiple Employer Support (%): \$0
- Total ETP Funding: \$306,000
- Total In-kind Contribution: \$13,045
 - *Trainee Wages Paid During Training:* \$0
 - *Other Contributions:* \$13,045
- Reimbursement Method: Negotiated
- County(ies) Served: Lassen, Madera, Marin, Merced, Placer, Plumas, Stanislaus, Santa Cruz
- Location of Training: 100 % Center Based; 0 % Employer Site

INTRODUCTION:

HCM (Health Care Management) Healthcare Inc., is a privately-owned chain of health care facilities. HCM Healthcare, Inc. dba Health Care Management was established to manage the accounts, payroll, audits, business and nursing processes, clinical nursing, human resources, and consulting support services for the chain of eleven health care facilities. Health Care Management is eligible to contract with ETP under Unemployment Insurance Code, Section 10205(c)(1) as a group of employers.

The proposed nurse assistant/caregiver to licensed vocational nurse (LVN) training program qualifies for ETP funds under Unemployment Insurance Code, Section 10214.9 which authorizes the Panel to fund licensed nurse training programs to train individuals who (1) are currently working as nurse assistants/caregivers in a health facility; (2) are enrolled in an accredited nurse training program to become an LVN and (3) have completed the first 800 hours of the nurse training program.

This program will address the State's critical shortage of nurses by upgrading 55 nurse assistant/caregivers to LVNs. According to Health Care Management representatives, the participating employers have expressed a continued need for licensed vocational nurses at each of their facilities. All of the participating employers are subject to the Employment Training Tax and are health facilities that operate for the diagnosis, care, prevention, and treatment of human illness including convalescence, and rehabilitation.

Health Care Management will be subcontracting with private and community colleges and adult education, who are accredited by the California Board of Vocational Nursing and Psychiatric Technicians (BVNPT) to provide instruction.

MEETING ETP GOALS AND OBJECTIVES:

Health Care Management proposes training that will further the following ETP goals and objectives:

- 1) Target Economic Development funds in occupations where employer demand exists;
- 2) Address the State's critical shortage of nurses;
- 3) Increase advancement and job security by providing training to employed nurse assistants and caregivers to become licensed nurses; and
- 4) Target training programs jointly developed by management and workers.

TRAINING PLAN TABLE:

Grp/Trainee Type	Types Of Training	No. Retain	No. Class/Lab Videocnf. Hrs.	No. CBT Hrs.	Cost Per Trainee	Hourly Wage After 90 Days
Job 1 Retrainee	Commercial skills	35	750	0	\$6,000	\$16.35 - \$25.00
Job 2 Retrainee	Commercial skills	20	600	0	\$4,800	\$16.35 - \$25.00
Wages After 90-Day Retention						
<u>Occupation</u>						
Licensed Vocational Nurse						
<u>Health Benefits Used To Meet ETP Minimum Wage:</u>					<u>Turnover Rate</u>	<u>% Of Mgrs & Supervisors To Be Trained:</u>
Although the participating employers pay health benefits for their employees, the hourly contribution is not being used to meet the ETP minimum wage requirement.					28%	0%
<u>Other Employee Benefits:</u>						
Varies by participating employer						

COMMENTS / ISSUES:

➤ ***Trainee Population***

Trainees are currently working in part-time or full-time nurse assistant and/or caregiver positions with ETP eligible health care facilities. Trainees will attend training on their own time.

➤ ***Licensed Vocational Nurse Program***

The training providers are currently providing LVN training programs and the curriculums are approved by the BVNPT. Community colleges and adult education run on a three semester system. Fresno Adult School runs a 14 month continuous program and State Center Community College, Clovis Adult School, Merced Community College, Los Medanos College, Lassen Community College, and Emanuel Medical Center-Modesto Junior College all run 18 month programs. Xavier College runs an 11 month program; Prime Career College and

COMMENTS / ISSUES: (continued)

West Med-Merced run a 13 month program, while Feather River College runs a 24 month program.

All accredited licensed vocational nurse training programs consist of at least 1,530 training hours: 576 theory and 954 clinical hours. The ETP-funded portion will consist of up to 750 theory and clinical hours. The theory hours will be delivered in a classroom setting. The clinical hours will be delivered in a laboratory setting at the training provider's facility, or at a local health care facility.

➤ ***High Cost of Training***

The cost per trainee \$4,800 to \$6,000 is based on the trainees' completion of 600 to 750 hours of training, respectively, at an hourly rate of \$8.00. The hourly rate was negotiated using the training providers' average training cost and taking into account other funding sources such as Workforce Investment Act funds and college full-time equivalent apportionment. The range of hours will accommodate those trainees who have already started the 750 hours of training when the ETP program begins.

➤ ***Training Costs Paid by Trainees***

Title 22, California Code of Regulations, Section 4412.1(a) Training Costs Charged to Trainees, states "Unless otherwise permitted herein, or with written approval from the Executive Director of the Panel, trainees being trained under a contract funded by the Panel cannot be charged for any training costs".

The nurse assistants or caregiver trainees participating in this program are currently enrolled in a community college or with a private training provider and have paid tuition fees for the first 800 hours. In some cases, the tuition fees paid by the trainee may overlap during the 750 hours funded by ETP. If this should occur, the trainee must be reimbursed for any fees already paid for by the trainee for the ETP-funded portion of training.

➤ ***Turnover Rate***

Title 22, California Code of Regulations, Section 4417, states that employer's turnover rate shall not exceed 20% annually; however, the Panel may accept a higher turnover rate if industry data supports it.

Health Care Management requests a waiver for the turnover rate in excess of 20 percent. In the calendar year 2004, the turnover rate was 28 percent. However, industry data supports the fact that healthcare industry turnover rates are typically high. According to the results of the 2002 American Health Care Association, *Vacancy and Turnover Survey*, the turnover rates in California is 54 percent for certified nursing assistants, and 48 percent for registered nurses. The 1999/2000 data from the California Association of Healthcare Facilities Resource Center indicates the turnover rate is 73.69 percent for direct nursing, and 77.91 percent for nurse assistants.

Since the applicant's turnover rate falls well below the industry standard, the contingency to reduce the turnover rate before final payment is made is not applicable.

COMMENTS / ISSUES: (continued)

➤ ***Retention Requirements***

After a trainee graduates from a nurse training program, the process for obtaining a vocational nurse license may take up to 20 weeks. After the applicant applies, and is approved to take the vocational nurse licensure examination (NCLEX) the exam is taken.

If the applicant passes the NCLEX, exam results are forwarded with an application for a license to the BVNPT. Once the BVNPT receives and accepts the application it authorizes the applicant to begin working as an LVN. Therefore, for ETP purposes, retention may begin as soon as the ETP trainee is authorized to work as an LVN. This aspect of the retention requirement will be specified in the Agreement.

RECOMMENDATION:

Staff recommends that the Panel approve this proposal because it supports the Governor's Nurse Education Initiative launched in 2005 to address California's critical shortage of nurses and to increase advancement in jobs. In addition, staff recommends the approval of this proposal with the following conditions specified in the ETP Agreement:

1. The training program, facilities and instructors have been approved by the BVNPT;
2. Trainees shall be fully reimbursed by Health Care Management for tuition or other fees they may have already paid to the training provider for the ETP funded portion of the training program;
3. The retention period may begin as of the date the trainees are authorized to work as an LVN by the BVNPT which the parties understand will proceed the date on which the license is issued; and
4. Accept Health Care Management's 28% turnover rate because industry data supports a higher turnover rate.

ACTIVE PROJECTS:

The following are current project statistics:

ACTIVE PROJECTS						
Agreement Number	Agreement Amount	Term	Planned Number To Be Retained	Number Enrolled	Number Completed Training	Number Retained For 90 Days
ET05-0287	Madera	06/30/05 – 06/29/07	40	33	10	0

CURRICULUM

Health Care Management Menu Curriculum

Class Lab Hours

600 – 750 Trainees will receive any of the following:

COMMERCIAL SKILLS

Course Topics: minimum 1530 hrs: 576 hours of theory and 954 hours of clinical

Anatomy& Physiology;
Nursing Process;
Nutrition;
Maternity/Nursing;
Medical/Surgical Nursing;
Leadership; Psychology;
Communication;
Normal Growth and Development;
Nursing Fundamentals;
Gerontological Nursing;
Communicable Disease including HIV;
Pharmacology;
Patient Education;
Rehabilitation Nursing;
Pediatric Nursing;
Supervision

<p><u>Comment:</u> The parties agree that the training identified in this Curriculum may be revised from time-to-time during the term of this Agreement at the request of Contractor and with the prior written approval of ETP. (See also Section 12 in this Agreement.)</p>

Participating Employers in Retrainee/New Hire Multiple Employer Contracts

Contractor's Name: Health Care Management

CCG No.: ET07-0150

Reference No: 06-0325

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PRINT OR TYPE

Company: Auburn Gardens Care Center

Address: 260 Racetrack Street

City, State, Zip: Auburn, CA 95603

Contact Person/Title: Kate Whitehouse, Administrator

Telephone No.: (530) 885-7051

Collective Bargaining Agreement(s): N/A

Estimated #of employees to be retrained or hired under this Agreement: 5

Total # of full-time company employees worldwide: 67

Total # of full-time company employees in California: 67

Company: Colony Park Nursing and Rehabilitation Center

Address: 159 East Orangeburg Ave.

City, State, Zip: Modesto, CA 95350

Contact Person/Title: Brad Kikuta, Administrator

Telephone No.: (209) 526-2811

Collective Bargaining Agreement(s): N/A

Estimated # of employees to be retrained or hired under this Agreement: 12

Total # of full-time company employees worldwide: 94

Total # of full-time company employees in California: 94

Company: Hillside Care Center

Address: 81 Professional Center Parkway

City, State, Zip: San Rafael, CA

Contact Person/Title: Stephen Rodriguez, Administrator

Telephone No.: (415) 479-5161

Collective Bargaining Agreement(s): SEIU-UHW Health Care Workers – Oakland

Estimated # of employees to be retrained or hired under this Agreement: 4

Total # of full-time company employees worldwide: 93

Total # of full-time company employees in California: 93

Participating Employers in Retrainee/New Hire Multiple Employer Contracts

Contractor's Name: Health Care Management

CCG No.: ET07-0150

Reference No: 06-0325

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PRINT OR TYPE

Company: La Sierra Care Center

Address: 2424 "M" Street

City, State, Zip: Merced, CA 95340

Contact Person/Title: George Brunswick, Administrator

Telephone No.: (209) 723-4224

Collective Bargaining Agreement(s): N/A

Estimated #of employees to be retrained or hired under this Agreement: 4

Total # of full-time company employees worldwide: 61

Total # of full-time company employees in California: 61

Company: Merced Behavioral Health Center

Address: 1255 "B" Street

City, State, Zip: Merced, CA 95340

Contact Person/Title: Eric Williams, Administrator

Telephone No.: (209) 723-8814

Collective Bargaining Agreement(s): N/A

Estimated # of employees to be retrained or hired under this Agreement: 4

Total # of full-time company employees worldwide: 75

Total # of full-time company employees in California: 75

Company: Merced Living Care Center

Address: 510 West 26th Street

City, State, Zip: Merced, CA 95340

Contact Person/Title: Jerry Allgood, Administrator

Telephone No.: (209) 723-2911

Collective Bargaining Agreement(s): N/A

Estimated # of employees to be retrained or hired under this Agreement: 4

Total # of full-time company employees worldwide: 69

Total # of full-time company employees in California: 69

Participating Employers in Retrainee/New Hire Multiple Employer Contracts

Contractor's Name: Health Care Management

CCG No.: ET07-0150

Reference No: 06-0325

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PRINT OR TYPE

Company: Madera Rehabilitation and Nursing Center

Address: 517 South "A" Street

City, State, Zip: Madera, CA 93638

Contact Person/Title: Michael Giardullo, Administrator

Telephone No.: (559) 673-9228

Collective Bargaining Agreement(s): N/A

Estimated #of employees to be retrained or hired under this Agreement: 5

Total # of full-time company employees worldwide: 165

Total # of full-time company employees in California: 165

Company: Plumas-Sierra Nursing and Rehabilitation Center

Address: 50 Central Avenue/PO Box L

City, State, Zip: Quincy, CA 95971

Contact Person/Title: Denise Huggens, Administrator

Telephone No.: (530) 283-2110

Collective Bargaining Agreement(s): N/A

Estimated # of employees to be retrained or hired under this Agreement: 3

Total # of full-time company employees worldwide: 52

Total # of full-time company employees in California: 52

Company: Susanville Nursing and Rehabilitation Center

Address: 2005 River Street

City, State, Zip: Susanville, CA 96130

Contact Person/Title: Jim Dickenson, Administrator

Telephone No.: (530) 257-5341

Collective Bargaining Agreement(s): N/A

Estimated # of employees to be retrained or hired under this Agreement: 6

Total # of full-time company employees worldwide: 92

Total # of full-time company employees in California: 92

Participating Employers in Retrainee/New Hire Multiple Employer Contracts

Contractor's Name: Health Care Management

CCG No.: ET07-0150

Reference No: 06-0325

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PRINT OR TYPE

Company: Watsonville Nursing and Rehabilitation Center - East

Address: 535 Auto Center Drive

City, State, Zip: Watsonville, CA 95076

Contact Person/Title: Ric Dee, Administrator

Telephone No.: (831) 724-7505

Collective Bargaining Agreement(s): N/A

Estimated #of employees to be retrained or hired under this Agreement: 4

Total # of full-time company employees worldwide: 65

Total # of full-time company employees in California: 65

Company: Wastonville Nursing and Rehabilitation Center – West

Address: 525 Auto Center Drive

City, State, Zip: Watsonville, CA 95076

Contact Person/Title: Ric Dee, Administrator

Telephone No.: (831) 724-7505

Collective Bargaining Agreement(s): N/A

Estimated # of employees to be retrained or hired under this Agreement: 4

Total # of full-time company employees worldwide: 95

Total # of full-time company employees in California: 95

Company:

Address:

City, State, Zip:

Contact Person/Title:

Telephone No.:

Collective Bargaining Agreement(s):

Estimated # of employees to be retrained or hired under this Agreement:

Total # of full-time company employees worldwide:

Total # of full-time company employees in California:

August 1, 2006

Employment Training Panel
1100 J Street, 4th Floor
Sacramento, CA 95841

Re: Hillside Care Center

Dear Panel Members:

This letter is to advise you that SEIU United Healthcare Workers, which represents the employees working at Hillside Care Center, concurs with the proposed Employment Training Panel Program. We believe that with the shortage of caregivers and the competition that exists in the nursing homes there is a tremendous need for highly skilled and knowledgeable workers. We also believe that in order to remain competitive in long-term care and sustain our present workforce in California, our members need to continually upgrade their skills.

I have reviewed the proposed training plan and determined it to be of value to both the Union's and Hillside Care Center's objectives.

Sincerely,

Karen LaChapelle /s

Karen LaChapelle
Union Representative

cc: Stephen Rodriguez, Administrator, Hillside Care Center
Burton F. Boltuch, Attorney

KL:bw/seiu-uhw-west

www.seiu-uhw.org